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ABSTRACT

This study was conducted to determine how many workers are in low-wage jobs; their characteristics and changes in their characteristics over time; the characteristics of the low-wage jobs; gender, sex, and racial factors influencing participation in low-wage jobs; and the relationship of low-wage work to family poverty and welfare receipt. The study used samples from two major nationally representative data sets, the Panel Study of Income Dynamics (PSID) and the Survey of Income and Program Participation (SIPP), which were analyzed using trend analysis, spell analysis, and regression analysis. Some of the findings of the study were the following: (1) over the decade from 1975 through 1984, both the number and proportion of adults working at low wages have increased, with approximately one-fourth of all adult workers working for $5.30 per hour or less in 1984; (2) the increase in low-wage work has occurred disproportionately among women, mothers responsible for children, and racial and ethnic minority groups; (3) holding constant human capital and job factors, low-wage work is still unequally distributed by gender and race/ethnicity; and (4) human capital factors (experience, education) are less significant for minority and female low-wage workers than for white males in determining their wages. The study concluded that these findings raise a number of policy issues that need to be addressed by policy-makers in many fields, including education, job training, and welfare, as well as for employers. (27 references) (KC)

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LOW-WAGE JOBS AND WORKERS: TRENDS AND OPTIONS FOR CHANGE

RESEARCH FINDINGS

Executive Summary

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LOW-WAGE JOBS AND WORKERS:
TRENDS AND OPTIONS FOR CHANGE
SUMMARY

INTRODUCTION

The recent shifts in the industrial structure of the U.S. economy and the demographic shifts in the workforce have sparked debates concerning the growth, the nature, and the impact of low-wage work. Some researchers argue that low-wage work reflects the choices of new and returning entrants to the labor force (Kosters and Ross, 1987). From this perspective, the growth of low-wage work reflects not only the demands of employers but also the desires of students, married mothers, and semi-retired workers for part-time work, of new workers for entry-level jobs, and of higher-wage workers for a temporary back-up between jobs. In this view, low-wage employment provides desirable alternatives in the structure and patterns of work for both employers and employees.

In contrast, others argue that many of the newly-created low-wage jobs are temporary, part-time, and dead-end jobs that workers have no choice but to take, due to the decreasing number of full-time, decently paying jobs with benefits (Bluestone and Harrison, 1986; Harrison and Bluestone, 1988). These new low-wage jobs, they suggest, frequently do not keep workers and their families out of poverty or even off welfare.

The current study, Low-Wage Jobs and Workers: Trends and Options for Change, uses two major nationally-representative data sets and several research techniques to shed light on this debate by answering the following questions:

- How many workers in low-wage jobs are there? Are the number and proportion of low-wage workers increasing? Is there an expanding bottom of low-wage workers?
- Who are the workers in low-wage jobs and have their characteristics changed over time? Is low-wage work unequally distributed by gender, race-ethnicity, and family status, other factors being equal?

CHART 1. COMPARISON OF CHARACTERISTICS OF PSID AND SIPP DATA FILES AND METHODOLOGY

	Panel Study of Income Dynamics (PSID)	Survey of Income and Program participation (SIPP
Survey type	Panel, longitudinal	Panel, longitudinal used here as a cross-sectional survey
Source	University of Michigan	U.S. Bureau of the Census
Sample type	Household/Individual	Individuals in household
Sample size	5000 (households)[1]	64,000 individuals, 20,000 households
Data source	Annual survey interviews	Revolving interviews every four months over 2.5 years
Years covered in current study	1967-1984	1984
Sample members included in current study	Household heads (including single adults) and spouses	All adults age 16 and over with at least 500 hours of employment
Definition of low wage and how calculated	$5.30 per hour (1984 dollars) and equivalent in earlier years[2]; Annual earnings/ Annual hours of work (both salary and wage)	$5.30 per hour (1984 dollars); Monthly earnings/Monthly hours of work (both salary and wage)
Definition of low	40 or more weeks in a year at low-wage; worked at least 500 hours during the year.	Temporary: 6 months or less at low-wage Year-long: 7 months or more at low-wage
Techniques used	Trend analysis Spell analysis	Cross-sectional analysis Ordinary least squares analysis Logistic regression analysis
Gender/race-ethnic groups analyzed	White men and women Black men and women[3]	White men and women Black men and women Hispanic men and women Asian American men and women

[1]Original sample size; now about 7000 households (21,000 individuals) due to divorce, separation and household formation by adult children.

[2]Adjusted using the CPI.

[3]The PSID sample began in 1968, when the population of Hispanics and Asians was smaller. Also, separate questions of Hispanic identity were not used until the nineteen eighties.

- What are the characteristics of the low-wage jobs held by these workers?
- What factors increase or decrease the likelihood (or risk) of low-wage work for different gender and race-ethnic groups in the population?
- What is the nature of the shifts between low-wage work, welfare, unemployment, out of the labor force status, and higher-wage work? Who shifts which way, how often, and what are the consequences for the worker's employment and economic status?
- What is the relationship of low-wage work to family poverty status and welfare receipt, and how has this changed over time?

METHODOLOGY

This study uses two major nationally-representative data sets, different research methodologies, but similar definitions and samples. (Chart I details the data sets, samples, definitions, and research techniques used.) Although this research strategy results in some duplication, it also has the advantage of an internal replication of findings.

*** CHART 1 HERE ***

Data Sets

The data sets used are the Panel Study of Income Dynamics (PSID) and the Survey of Income and Program Participation. The PSID is a longitudinal survey conducted by the Institute for Social Research at the University of Michigan. When it began in 1968, the sample consisted of approximately 5000 families, with low income families overrepresented.[1] Since 1968, these families have been reinterviewed annually; there are now about 7000 families (and 21,000 individuals) in the sample.[2] Changes in national demographic patterns that have occurred since 1968 are not well

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[1] All the figures reported here are weighted to compensate for this oversampling of low-income families.

[2] The sample increased in size because as couples split-up and divorce, one household becomes two. Likewise, as those who were children grow up and set up their own households, they are added to the sample.

reflected in this sample. Thus, Hispanics, and to some extent Asian Americans, are underrepresented in the sample. Consequently, PSID analyses do not separate out Hispanics and Asian Americans.

The second data set used is the 1984 panel of the Survey of Income and Program Participation (SIPP) from the U.S. Bureau of the Census. The SIPP is designed to provide comprehensive information on the changing economic situation of households and persons in the United States. The sample includes approximately 64,000 persons, large enough to allow disaggregation of low-wage workers by gender, race-ethnicity, family type, and other critical analytic variables. The SIPP reinterviews all households (including all household members age 15 and over), every four months to obtain monthly, and in some cases weekly, information. We use 12 months of data (selected from Waves I through IV of the SIPP full panel file), constituting the calendar year 1984 for all respondents.

Sample Members Included

The sample selected from the PSID includes all household heads (including single adults) and spouses but excludes adults and teenagers living at home with their parents--about 14.3 percent of all adults in the PSID. These heads and spouses are included regardless of whether or not they are currently employed. The sample selected from the SIPP includes all adults age 16 and over who were employed for at least 500 hours during the survey year; the report distinguishes between teenagers living at home and other adults.

Definition of Low-wage Workers

As Harrison and Bluestone note, "All definitions of low and high [wage] are necessarily arbitrary" (1988:3). We use a wage and time-based definition (length of time during a given year working at a low-wage job). Following the methodology used by the Senate Budget Committee (1988), we categorize a job as low-wage if the income from it, working year-round, full-time, would

provide an annual income that is less than the poverty level for a family of four ($11,611 in 1987 dollars, or $5.80 an hour). Translated into 1984 dollars (the last year for which we have data), this comes to $5.30 an hour. In addition, in order to be defined as low-wage, a worker had to be employed at low wages for at least 40 weeks per year in the PSID analysis[3] and at least seven months in the survey year in the SIPP analysis. In both analyses, 500 hours of labor force participation per year was required to be defined as a worker.

Hourly Wage Variable

We determine the hourly wage either by dividing monthly earnings by hours of paid work in the month (SIPP), or by dividing annual earnings by annual hours of work (PSID). Unlike many studies of minimum wage workers (see, for example, Smith and Vavricheck, 1987), this study is not limited to those who are actually paid on an hourly basis, but includes low-wage salaried workers. We also include the earnings and hours associated with secondary jobs in the hourly wage calculations (in other words, the hourly wage figure is an average wage across all jobs held).

Spell Analysis

Two types of analytic techniques are used with the PSID data. The first, trend analysis, simply compares the characteristics of low-wage employment and low-wage workers at three points in time: 1975, 1980, and 1984. The second technique, spell analysis, examines the dynamics of low-wage employment by tracing what happens to individuals before, during, and after they experience a spell of low-wage employment.

Note that in this part of the study, the unit of analysis is the spell rather than the individual, although surprisingly few individuals (about 25 percent) held more than one spell of low-

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[3] In the full report, Low-Wage Jobs and Workers: Trends and Options for Change we use the SIPP to compare these year-long low-wage workers with those individuals who are low-wage workers for 6 months or less, and with those workers who do not have any months of low-wage work in the year, i.e., higher-wage workers.

wage employment. There are two kinds of spells, censored and non-censored. Censored spells are incomplete spells: they either begin before the study begins, or are still going on in the last year of the study. Non-censored spells begin and end during the study period. We limit our analysis to low-wage spells that are completed (non-censored), having found that censored spells do not differ substantially either in length, or in the demographic characteristics of the people experiencing them. Moreover, since only a minority of spells are censored (incomplete), we have a substantial number of completed spells of low-wage employment to analyze, over 8,000.[4]

Regression Analysis

Along with the descriptive analysis of the characteristics of low-wage workers and jobs, the SIPP data set was used to develop two regression models. The first is an ordinary least squares (OLS) regression model which includes all workers, regardless of their hourly wage. In this analysis, we determine the relative importance of each of a set of factors (independent variables) including demographic, human capital, and job characteristics in explaining wages (the dependent variable). The model also tests to see if there are different relationships among these variables between the gender and race-ethnicity groups.

The second is a logistic regression model which uses a similar set of factors to determine what is important in increasing or decreasing the probability for (risk) of being a low-wage worker for each gender/race-ethnic group. In this regression model we include only two groups of workers: those who are low-wage for seven months or more, and those workers who had no months of low-wage work, i.e., higher-wage workers.[5]

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[4] Nearly three-fourths of all low-wage spells were completed (non-censored) and had an average length of 1.74 years; incompleted spells had an average duration of 2.26 years during the sample period, but had begun before or were still continuing.

[5] These latter workers were allowed up to one month of low-wage work, on the assumption that sometimes higher-wage workers do not receive a full pay check in a particular month.

THE FINDINGS

The Growth of Low-wage Employment

The current debate on "the declining middle" concerns the distribution of low, middle, and higher-wage employment and the consequences for middle-class living standards for American families. Some researchers contend that the share of jobs paying enough to purchase a middle-class lifestyle has declined and has been replaced by a growing number of low-wage jobs (Bluestone and Harrison, 1986; Bradbury, 1986; Lawrence, 1984). Others contend that the loss of middle-income jobs has been evenly distributed between the upper and lower-income tiers (Thurow, 1984) or that middle-class families have moved to the upper tier (Horrigan and Haugen, 1988; Kosters and Ross, 1987). The lack of agreement can be attributed to the use of different units of analysis (families versus workers) and to variation in the measurement of tiers.

Using two different data sets and different methodologies, but similar definitions and samples, our analysis points to a consistent conclusion about the growth and size of the low-wage labor force:

> **Over the decade from 1975 through 1984, both the number and proportion of adults working at low wages have increased. About one quarter of all adult workers are low wage workers ($5.30 per hour or less).**

By 1984, more than one-quarter (23.7 million) of adult single or married earners supporting households, based on the PSID sample, earned wages that averaged below $5.30 per hour (in 1984 dollars), an increase of about one-third in the size of the low-wage labor force over the decade (15.6 million in 1975). According to the SIPP findings, about 48 million workers experienced two or more months of low-wage work. More than half of these workers (25 million), or a quarter of all adult workers, were low-wage workers for seven months or more.[6]

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[6] Unless otherwise stated, "low-wage worker" from now on will mean those who worked at least 7 months at low wages. In the full report we refer to those workers with at least seven months of low-wage work during the year as "full-year" low-wage workers because we found that while the workers in this category do not necessarily work all 12 months, the months at which they do not work at low-wage jobs tend to be months of unemployment

*** TABLE 1 HERE ***

The Demographic Distribution of Workers in Low-wage Jobs

This expansion of the low-wage workforce has not occurred equally among all groups. In the PSID analysis, we found that:

> **The increase in low-wage work has occurred disproportionately among women, adults responsible for children (especially mothers), and people of color.**

Although men have decreased their labor force participation (mainly through increased rates of retirement), the proportion of women in the labor force increased 10 percent (10.4 million women) over the decade, with 60 percent (6.1 million) of that increase occurring in low-wage employment. This was especially true of married mothers, who increased their labor force participation by over 20 percent (5.8 million), over half of it in low-wage work (2.6 million). Single parents increased their labor force participation by over five percent, almost all of it in low-wage employment. Men increased their proportion in low-wage employment by decreasing their numbers in higher-wage employment; but at the same time, just as many men left employment altogether (such as through retirement) as "moved" from higher-wage to low-wage employment. Altogether, one out of three women workers compared to one out of six men workers are low-wage according to both the PSID and SIPP data.

*** TABLE 2 HERE ***

Racial differences interact strongly with gender, marital and family status. Thus black women in general tended to enter low-wage employment at a lesser rate than white women (one-third of their net increase over the decade was in low-wage employment, compared to two-thirds

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rather than months working at high wages.

TABLE 1.
WORKER STATUS (PERCENT NOT EMPLOYED, LOW-WAGE, MEDIUM/HIGH-WAGE)
BY GENDER: 1975, 1980, AND 1984
SINGLE AND MARRIED HOUSEHOLDERS

		ALL	WOMEN	MEN
NOT EMPLOYED*	1975	37.1	53.6	17.2
	1980	34.5	47.9	18.1
	1984	32.9	43.7	19.5
Change in Percent		-4.2	-9.8	2.3
Change in Population N (000's)		773.5	-1883.9	2603.0
LOW-WAGE**	1975	13.2	15.1	11.0
	1980	16.0	19.5	11.7
	1984	17.5	21.1	13.1
Change in Percent		4.3	6.0	2.1
Change in Population N (000's)		8126.0	6072.5	2044.5
MEDIUM/HIGH	1975	49.6	31.3	71.9
	1980	49.5	32.6	70.2
	1984	49.5	35.2	67.4
Change in Percent		-0.1	3.8	-4.5
Change in Population N (000's)		8506.8	6173.4	2361.2
TOTAL	1975	100.0	100.0	100.0
Sample N		9,369	5,208	4,161
Population (000's)		118,071	64,769	53,302
	1980	100.0	100.0	100.0
Sample N		10,430	5,759	4,671
Population (000's)		127,231	69,953	57,278
	1984	100.0	100.0	100.0
Sample N		11,023	6,094	4,929
Population (000's)		135,495	75,131	60,364

N.B. All percentages are calculated using weighted numbers; sample N's are unweighted.

Source: IWPR calculations of PSID data. Population numbers were estimated using a comparable sample from the Current Population Survey March 1975, March 1980, and March 1984.

* Includes Unemployed and out-of-labor force
** 500 hours or more employed; 40 weeks or more at low-wages.

TABLE 2.
WORKER STATUS (NOT EMPLOYED, LOW-WAGE, MEDIUM/HIGH-WAGE)
BY FAMILY STATUS, MARITAL STATUS, AND GENDER: 1975, 1980, AND 1984
SINGLE AND MARRIED HOUSEHOLDERS

		WITH CHILDREN				WITHOUT CHILDREN			
		MARRIED		SINGLE		MARRIED		SINGLE	
		WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN
	1975	57.7	5.2	41.6	24.0	53.7	28.9	50.6	27.2
NOT EMPLOYED	1980	47.2	5.2	35.0	11.7	51.9	31.6	49.2	22.8
	1984	37.2	5.8	36.4	14.4	50.0	33.9	47.2	20.5
Change		-20.5	0.7	-5.2	-9.6	-3.7	5.0	-3.4	-6.7
	1975	14.9	9.4	16.4	6.1	13.6	11.0	17.0	16.2
LOW-WAGE	1980	20.7	11.8	30.3	3.5	16.3	9.7	17.3	15.9
	1984	26.3	14.4	26.5	19.2	17.2	9.9	17.2	16.1
Change		11.5	5.0	10.1	13.1	3.6	-1.2	0.2	-0.2
	1975	27.4	85.4	42.0	69.9	32.7	60.1	32.5	56.5
MEDIUM/HIGH	1980	32.1	82.9	34.8	84.8	31.8	58.6	33.6	61.3
	1984	36.4	79.7	37.2	66.4	32.8	56.3	35.6	63.4
Change		9.0	-5.7	-4.8	-3.5	0.1	-3.8	3.2	6.9
TOTAL	1975	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sample N		2,267	2,244	747	63	1,272	1,268	922	586
Population (000's)		25,898	25,645	5,622	636	19,005	18,932	14,244	8,090
	1980	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sample N		2,430	2,426	829	71	1,397	1,385	1,103	789
Population (000's)		25,147	25,133	6,758	827	20,859	20,636	17,189	10,681
	1984	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sample N		2,466	2,461	861	80	1,539	1,530	1,228	858
Population (000's)		24,605	24,554	7,504	876	23,011	22,874	20,110	12,061

N.B. All percentages are calculated using weighted numbers; sample N's are unweighted.

Source: IWPR calculations of PSID data. Population numbers were estimated using a comparable sample from the Current Population Survey March 1975, March 1980, and March 1984.

* Includes unemployed and out-of-labor force.

** 500 hours or more employed; 40 weeks or more at low-wage.

for white women), but this was mostly characteristic of married black women, who have had a stronger labor force participation in the past than white women. Three-fourths of the net increase in employment among black single mothers was in low-wage employment.

Among men, the trends reflect the decreasing labor force participation of men, particularly blacks, but only in some marital/family status groups; thus while black single men and married fathers increased their proportions of not employed over the decade, married black men without children increased their proportion of higher-wage employment.

Altogether the SIPP data indicate that given their proportion among all workers, for both Asian American and white men, there are only about half as many who earn low wages as one would expect. In contrast, there are 50 percent more women who earn low wages than one would expect on the basis of numbers alone. Thus by 1984, women were twice as likely as men to be low-wage workers (37.9 and 18.8 percent, respectively). In the PSID data we found that 21.1 percent of all women and 13.1 percent of all men (including people out of the labor force) are low-wage workers; of workers, the percentages were 37.5 and 16.3 for women and men respectively in 1984. In the SIPP data approximately three out of ten black and Hispanic men, four out of ten Hispanic women, and more than four out of ten black women are low-wage workers.

*** TABLE 3 HERE ***

Explaining Inequalities in the Distribution of Low-wage Work

Most studies of wages, influenced by human capital theory, emphasize the role of work experience, education, and training in explaining why workers receive higher or lower wages. Low-wage workers are expected to have limited work experience, fewer years of education, and limited job training (Black and Garen, 1988).

Other researchers argue that these human capital variables do not explain the large variance in earnings between race-sex groups (See for example, Treiman and Hartmann, 1981; Bluestone,

TABLE 3.

NUMBER AND PERCENTAGE OF LOW-WAGE WORKERS* AGE 16 AND OVER AMONG GENDER AND RACE/ETHNIC GROUPS

	WEIGHTED N'S (000's)	SAMPLE SIZE	PERCENT** OF LOW-WAGE WORKERS IN GROUP
ALL WORKERS	25,637	15,859	27.5
MEN	9,652	8,546	18.8
White	7,147	7,237	17.0
Black	1,362	669	29.7
Hispanic	887	465	25.7
Asian American	266	175	22.7
WOMEN	15,875	7,313	37.9
White	12,435	5,987	37.1
Black	2,144	815	43.2
Hispanic	1,001	355	40.8
Asian American	325	156	34.1

* Includes only those low-wage workers with more than 7 months of low-wage work.

** Percent calculation based on weighted numbers.

Source: IWPR calculations based on SIPP data.

Murphy and Stevenson, 1974). These latter studies emphasize the structural characteristics of jobs, firms, and industries rather than the characteristics of workers. Neither theory explains all of the differences in wages among race and gender groups. Many analysts regard this unexplained difference as evidence of race or sex and race discrimination. (See, for example, Bergmann, 1986; England, 1984; Treiman and Hartmann, 1981).

Our analysis of SIPP data addresses the extent to which race and gender inequalities can be attributed to human capital and structural differences and the extent to which unexplained differences remain. This study found:

> **Holding constant human capital and job factors, low-wage work is still unequally distributed by gender and race/ethnicity. Other things being equal, women and minority workers have a greater risk of low-wage work.**

First, it should be noted that according to PSID data, human capital has been increasing in the low-wage labor force. In fact, over the decade, the educational level of low-wage workers actually increased slightly more than it did for higher-waged workers and the ratio of work affecting disabilities decreased slightly over the decade for low wage workers.

*** TABLES 4 AND 5 HERE ***

Second, as the SIPP data show, low-wage workers have substantial amounts of human capital. At the same time, low-wage workers are unequally distributed in different size firms and in different occupations and industries by race and gender. They are, generally, much less likely than their higher paid counterparts to be union members.

Specifically, we found that:

- Human Capital More than half of all low-wage workers have more than five years of work experience with women having somewhat more experience than their male counterparts. Three-quarters have at least a high school diploma. Approximately one quarter have additional job training. Low-wage workers are more likely to have invested in or received training than are workers with no months of low-wage work. Low-wage white male workers are most likely to have invested in or to have received training, and women of color (black, Hispanic, and Asian American) are least likely to have done so.

TABLE 4. HUMAN CAPITAL AMONG LOW-WAGE WORKERS AND MEDIUM/HIGH WAGE WORKERS

TRENDS IN HUMAN CAPITAL, BY GENDER, MARITAL STATUS, AND WORKER STATUS

WOMEN	LOW WAGE		MEDIUM/HIGH WAGE	
	Married	Single	Married	Single
EDUCATION (MEDIAN YEARS)				
1975	11.3	11.2	12.9	12.9
1984	11.8	11.6	13.2	13.5
Change 1975-1984	+.5	+.5	+.3	+.5
MEN	**LOW WAGE**		**MEDIUM/HIGH WAGE**	
	Married	Single	Married	Single
EDUCATION (MEDIAN YEARS)				
1975	10.4	12.0	12.6	13.4
1984	10.9	11.3	12.9	13.4
Change 1975-1984	+.5	-.7	+.3	0
WOMEN	**LOW WAGE**		**MEDIUM/HIGH WAGE**	
	Married	Single	Married	Single
WORK AFFECTING DISABILITY (PERCENT WITH DISABILITY)				
1975	7.6	15.6	3.4	6.1
1984	5.2	9.9	5.4	5.0
Change 1975-1984	-2.4	-6.6	+2.0	-1.1
MEN	**LOW WAGE**		**MEDIUM/HIGH WAGE**	
	Married	Single	Married	Single
WORK AFFECTING DISABILITY (PERCENT WITH DISABILITY)				
1975	10.8	8.9	6.1	7.7
1984	8.9	6.5	5.5	4.9
Change 1975-1984	-1.9	-2.4	-0.6	-2.8

Source: IWPR calculations of PSID data.

TABLE 5.

HUMAN CAPITAL AMONG LOW-WAGE WORKERS AND MEDIUM/HIGH WAGE WORKERS

DIFFERENCES IN HUMAN CAPITAL AND JOB CHARACTERISTICS AMONG LOW-WAGE WORKERS AND HIGHER WAGE WORKERS BY RACE AND GENDER IN 1984
(IN PERCENTAGES)

CHARACTERISTICS										
WOMEN	WHITE		BLACK		HISPANIC		ASIAN		ALL WOMEN	
HUMAN CAPITAL	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
HIGH SCHOOL GRADUATE	94.7	81.1	91.1	66.8	85.8	59.9	94.2	74.2	93.9	77.8
5 OR MORE YEARS WORK EXPERIENCE	72.8	52.2	72.4	56.0	65.9	48.8	78.7	47.0	72.6	52.5
WITH JOB TRAINING	16.6	19.0	13.7	13.1	9.6	10.9	10.9	11.1	15.8	17.6
JOB CHARACTERISTICS	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
SERVICE WORKERS	9.5	61.9	15.0	59.0	8.3	70.0	8.3	48.5	10.4	62.2
PERSONAL SERVICES	0.8	7.2	2.3	15.0	1.3	13.4	1.5	11.8	1.0	8.8
IN SMALL FIRMS	15.2	29.6	4.3	27.5	11.0	32.5	22.7	26.4	14.1	29.5
UNION MEMBERS	19.8	6.1	39.9	8.9	34.7	9.0	7.1	5.4	22.2	6.6
MEN	WHITE		BLACK		HISPANIC		ASIAN		ALL MEN	
HUMAN CAPITAL	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
HIGH SCHOOL GRADUATE	89.3	74.4	82.3	66.3	67.5	51.1	94.9	60.9	87.9	70.7
5 OR MORE YEARS WORK EXPERIENCE	78.8	53.7	73.5	56.3	77.1	47.3	70.7	55.7	78.1	53.6
WITH JOB TRAINING	15.5	33.2	11.7	19.5	11.1	13.4	9.2	24.0	14.9	29.3
JOB CHARACTERISTICS	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
SERVICE WORKERS	36.2	36.1	25.4	33.3	20.2	48.3	22.2	50.0	32.7	37.5
PERSONAL SERVICES	0.4	2.6	0.0	3.0	0.4	3.6	1.8	6.1	0.4	2.8
IN SMALL FIRMS	13.5	40.5	7.2	35.5	16.3	44.0	15.1	42.2	13.3	40.2
UNION MEMBERS	30.0	6.8	48.9	6.3	38.7	3.2	29.5	3.1	31.7	6.3

Source: IWPR calculations of SIPP data.

- Firm Size Low-wage workers are equally likely to have jobs in firms with 1,000 or more employees as they are to be working in firms with 25 or fewer. Low-wage women workers are more likely than men to work in the firms with 1,000 or more employees, indicating the existence of a "women's sector" in large firms. Like women workers, low-wage black men are also more likely to be working in large firms than are other groups of male workers, likewise indicating the presence of a low-wage" "black male sector" in large firms.

- Occupation A majority of low-wage workers are employed in sales, services, operative, and transport occupations. The occupations with a large percentage of low-wage workers are usually those with a high percentage of female workers. Although the highest percentage of low-wage workers are employed in service occupations (a relatively gender-integrated occupational group), the findings do show segregation within the low-wage job market by gender/race-ethnicity. Male low-wage workers are also likely to be employed in transport occupations as well as in service occupations. White and Asian American low-wage women are employed in technical, sales, and administrative occupations as well as service occupations. Hispanic women are also likely to be employed as operatives while black women are most likely to be employed in the service occupations.

- Industry Seven out of ten low-wage workers are employed in service sector industries including retail; finance, insurance, and real estate; business services; personal services; and professional services (including health industries), with women workers more likely than men to be employed in these industries.

- Union Status Union membership or coverage by union contract is strongly related to higher wages for all gender/race-ethnicity groups. Thus, a relatively small portion of low-wage workers (less than ten percent for all gender/race-ethnic groups) are likely to be covered by union contracts. For black and Hispanic men and women, union contracts are especially related to higher wages. Among higher wage workers, almost half of black men, almost 40 percent of Hispanic men and black women, and almost 35 percent of Hispanic women are covered by union contracts.

To estimate the probability of being a low wage worker, a logistic regression model was used. To "control" for the fact that some groups have more human capital (education, training, and work experience) than others and for structural factors that might affect wage levels (such as firm size, occupation, industry, and union status), data for each of these variables as well as gender and race-ethnicity were entered into the model. The results show that even if women of color were of the same average age and had the same marital status, education, and work experience, and worked in the same occupations and industries, for the same hours and weeks of work, as white men, they would be four times as likely to be low-wage workers. White women would be more than three times as likely and men of color would be 1.63 times more likely to be low-wage workers as would

white men. These findings suggest that the unequal distribution of low-wage work can be viewed as evidence of gender and race discrimination.

CHART 2.

PROBABILITIES OF BEING A LOW-WAGE WORKER
IF EACH WORKER POSSESSED THE SAME AVERAGE CHARACTERISTICS
AND FACED THE SAME JOB MARKET

Probability (White Man being a Low-wage Worker) = 0.07
Probability (Minority Man being a Low-wage worker) = 0.11
Probability (White Woman being a Low-wage Worker) = 0.23
Probability (Minority Woman being a Low-wage Worker) = 0.28

Economic Responsibility for Children

Are low-wage workers new and returning entrants into the labor force, such as students, first-time employees, wives, post-retirement workers, and workers who are not family heads, as some research suggests (Kosters and Ross, 1987; Burkhauser and Finegan, 1989)? Or does a growing portion of low-wage workers consist of those who support households (Harrison and Bluestone, 1988)?[7] Given evidence that children are now the major victims of poverty (currently one out of four children live in households with incomes below the poverty line), perhaps the most important policy question concerning low-wage jobs and workers is the extent to which these workers are responsible for the economic well-being of children.

Our findings from the SIPP suggest that:

> **More than four out of ten adult low-wage workers live in households with children and more than one-third are single earners solely responsible for their households' economic well-being.**

[7] Another possibility is that the poor are having more children--this does not seem to be the case. According to Smith (1989), the rise in the number of poor children has little to do with increased childbearing among the poor, but rather is due to the restructuring of the economy, including the decline in well-paying, full-time, full-year jobs and the increase in service sector jobs.

Specifically we found from the SIPP analysis that although many low-wage workers are relatively young, their median age is 30 years, and fewer than one in five (18.7 percent) are teenagers living at home. Of all low wage workers, white males are the most likely, while black and Hispanic females are the least likely, to be teenagers living at home. Single parents are the most likely, of all demographic groups, excluding teenagers living at home, to be low-wage workers (37.6 percent of all single parents are low-wage). Of all low-wage workers, white men are least likely and black women are most likely to either be single parents or to have children. Low-wage women workers are more likely than men to live in dual-earner households with children. Low-wage Hispanic men are the most likely of all demographic groups of low-wage workers to be the only worker in a married couple family with children.

*** CHART 3 HERE ***

Determinants of Wages

While the risks of being a low-wage worker are greater for women of all race-ethnic groups and male minority members, regardless of human capital and job characteristics, certain factors appear to be more important in determining wages for some race-sex groups while other factors appear to be more important for other groups. Which of these factors are most important for which groups? Researchers such as Bluestone, Murphy, and Stevenson (1974) suggest that little of the variance in wages is accounted for by human capital variables and that institutional variables are more important in explaining wage differences between gender and race groups. Following the pioneering work of Doeringer and Piore (1971), many analysts divide the job market into two major sectors--the primary and the secondary sector. This categorization posits a primary sector of firms and jobs typified by relatively high pay, stable employment, unionization, the possibility of promotion up administratively defined job ladders, and pay which increases with education and work experience. The secondary sector includes jobs and firms characterized by low pay, lack of

CHART 3.

DISTRIBUTION OF LOW-WAGE WORKERS ACROSS FAMILY TYPES
BY GENDER AND RACE-ETHNICITY

MEN	WHITE	BLACK	HISPANIC	ASIAN AMERICAN
Total With Children	32.1	41.3	52.8	49.1
Married Dual-Earner	9.8	17.0	15.6	23.5
Married Single-Earner	17.8	15.8	28.5	22.5
Single With Children	4.5	8.5	8.7	3.2
Total Without Children	67.9	58.7	47.2	50.9
Married Dual-Earner	8.3	5.3	5.7	2.3
Married Single-Earner	21.3	12.5	14.3	17.3
Single Adults	19.7	29.4	14.3	14.0
Single Teenage Workers	18.6	11.6	12.9	17.3
Total	100.0	100.0	100.0	100.0

WOMEN	WHITE	BLACK	HISPANIC	ASIAN AMERICAN
Total With Children	45.2	65.7	63.4	52.3
Married Dual-Earner	26.5	17.7	29.2	23.5
Married Single-Earner	9.3	12.4	17.7	22.5
Single With Children	9.5	35.7	16.4	3.2
Total Without Children	54.8	34.3	36.7	47.7
Married Dual-Earner	14.6	8.2	9.7	9.9
Married Single-Earner	12.3	5.2	7.4	12.0
Single Adults	17.5	14.2	13.3	13.2
Single Teenage Workers	10.4	6.7	6.3	12.6
Total	100.0	100.0	100.0	100.0

Source: IWPR calculations based on SIPP data.

unionization, little opportunity for advancement via promotion or investment in human capital, arbitrary personnel practices and intermittent employment (Belman and Voos, 1988).

Researchers have used factors such as firm size, occupation, industry and union membership as proxies for these primary and secondary sector jobs. Following these analysts, we expect low-wage workers to have jobs with different structural characteristics than higher-wage workers--jobs that would allow less opportunity to gain returns to human capital.

To test this hypothesis, we use an OLS regression model. The results show the returns, in dollars, to each factor, for each of the gender/race-ethnic groups; for example, how much gain in earnings, or "return," for an extra year of education do black males, white females, etc., receive? We find that the returns are not equal across all groups. In particular:

> **Human capital factors are less significant for minority and female low-wage workers than for white males in determining their wages.**

Specifically, our major findings are:

- For white men, the returns to age are highest of any group and the returns to education are second highest. They benefit the most of all workers by employment in large firms. Although union membership is significant, they have the smallest returns of any group to labor union coverage and their wages are generally less sensitive to occupation and industry than other workers (except when working in the service industries) indicating that they receive higher pay regardless of occupation and industry.

- Labor union coverage is extremely important for black men in earning higher wages. The returns to education are much less than for white men and experience is close to being insignificant. The wages of black men suffer greatly by not working in managerial or professional jobs or by working in the low paying agricultural/mining and service industries.

- Hispanic men have very low returns to education and high returns to unionization. Job training is a significant means of earning higher wages. They experience lower wages in retail, service, and agricultural/mining industries, and in wholesale and construction, than in manufacturing.

- Asian American men's wages are more dependent on education than other factors. They also have high returns for job training. Those who are not either highly educated or in professional and managerial occupations are greatly handicapped in earning higher wages.

- White women do not experience the magnitude of returns to education, age, and experience that white men do, but do benefit from job training, hours worked, and labor union coverage. The wage decrease due to the presence of children under 18 is significant but small. They benefit from working in transportation, communications, and public utilities relative to other industries.

- Black women experience lower returns to education, to experience, and to working in large firms relative to white men. Unionization is highly influential in increasing wages. They are also able to earn substantially more in the transportation, communications, and public utilities industries.

- Hispanic women have similar patterns as black women in that they have low returns to age, education, and experience and high returns to union membership. Their wages are significantly lower when employed in retail, agricultural/mining, and wholesale industries, as compared to manufacturing. As with white women, the presence of children is correlated with lower wages.

- For Asian American women, experience and education result in very high returns to wages. In this way, they are similar to Asian American men, although their earnings are not as high. They are the only group of women workers for whom labor union coverage is negatively correlated with higher wages (perhaps because of small sample size).

*** CHART 4 HERE ***

These findings show that human capital variables are significant, though less so for all groups other than white men and Asian American men and women. Certain occupations and industries--especially service occupations and industries--are always highly correlated with low-wage work. Firm size is less likely to be significant for workers other than white males, but union membership is especially significant. For women, especially women of color, fewer factors are significant in raising wages. In other words, women are more likely than men to be low-wage workers, regardless of their human capital and regardless of the jobs and industries in which they work.

Decreasing the Risk of Low-wage Work

We next used the logistic regression to determine which factors are significant in increasing or decreasing the risk of low-wage work for each gender and race-ethnic group.[8] We conclude that:

[8] This logistic regression is accurate in 85 percent of the cases for predicting whether a worker is low-wage or not.

CHART 4.
RETURNS IN ADDITIONAL HOURLY WAGES TO HUMAN CAPITAL AND STRUCTURAL CHARACTERISTICS OF JOBS

MEN	WOMEN
EDUCATION	
For each year of education:	
White men receive an additional 58 cents per hour	White women receive an additional 30 cents per hour
Black men receive an additional 34 cents per hour	Black women receive an additional 21 cents per hour
Hispanic men receive an additional 27 cents per hour	Hispanic women receive an additional 19 cents per hour
Asian men receive an additional 41 cents per hour	Asian women receive an additional 32 cents per hour
WORK EXPERIENCE	
For each additional year of work experience:	
White men receive an additional 24 cents per hour	White women receive an additional 12 cents per hour
Black men receive an additional 08 cents per hour	Black women receive an additional 13 cents per hour
Hispanic men receive an additional 15 cents per hour	Hispanic women receive an additional 10 cents per hour
Asian men receive an additional 30 cents per hour	Asian women receive an additional 32 cents per hour
JOB TRAINING	
For participating in some form of job training:	
White men receive an additional 15 cents per hour*	White women receive an additional 31 cents per hour
Black men receive an additional 24 cents per hour*	Black women receive an additional 06 cents per hour*
Hispanic men receive an additional 89 cents per hour	Hispanic women receive an additional 13 cents per hour*
Asian men receive an additional $1.72 per hour*	Asian women receive an additional 33 cents per hour*
SERVICE OCCUPATIONS	
For working at a service rather than a professional or managerial occupation:	
White men loose $2.86 per hour	White women lose $2.11 per hour
Black men lose $2.98 per hour	Black women lose $2.87 per hour
Hispanic men lose $2.70 per hour	Hispanic women lose $3.48 per hour
Asian men lose $5.63 per hour	Asian women lose $2.92 per hour
SERVICE INDUSTRIES (not including personal services)	
For working in service rather than manufacturing industries:	
White men loose $2.16 per hour	White women lose 76 cents per hour
Black men lose $1.49 per hour	Black women lose 39 cents per hour*
Hispanic men lose $1.53 per hour	Hispanic women lose 34 cents per hour*
Asian men lose $1.21 per hour*	Asian women lose 09 cents per hour*
PERSONAL SERVICES INDUSTRY	
For working in personal services rather than manufacturing industries:	
White men loose $3.22 per hour	White women lose $ 1.49 per hour
Black men lose $2.44 per hour	Black women lose 62 cents per hour*
Hispanic men lose $2.39 per hour	Hispanic women lose 79 cents per hour*
Asian men lose 80 cents per hour*	Asian women lose $2.18 per hour*
TRANSPORTATION, COMMUNICATION, AND PUBLIC UTILITIES	
For working in the transportation, communication, and public utilities rather than manufacturing:	
White men receive an additional 38 cents per hour	White women receive an additional $1.03 per hour
Black men receive an additional 43 cents per hour*	Black women receive an additional $1.87 per hour
Hispanic men receive an additional 26 cents per hour*	Hispanic women receive an additional $1.15 per hour*
Asian men receive an additional $3.33 per hour*	Asian women receive an additional 89 cents per hour*

CHART 4.
RETURNS IN ADDITIONAL HOURLY WAGES TO HUMAN CAPITAL AND STRUCTURAL CHARACTERISTICS OF JOBS (CONT'D)

MEN	WOMEN
FIRM SIZE	
For working in a small size firm, (25 workers or less):	
White men lose 84 cents per hour	White women lose 17 cents per hour*
Black men lose 54 cents per hour*	Black women lose 96 cents per hour
Hispanic men lose 46 cents per hour*	Hispanic women lose 45 cents per hour*
Asian men lose $1.64 per hour*	Asian women lose 10 cents per hour*
UNION MEMBERSHIP	
By joining a union:	
White men receive an additional 41 cents per hour	White women receive an additional 68 cents per hour
Black men receive an additional $1.32 per hour	Black women receive an additional $1.01 per hour
Hispanic men receive an additional $1.79 per hour	Hispanic women receive an additional $ 1.26 per hour
Asian men lose 72 cents per hour*	Asian women lose $2.76 per hour

* Not Significant at the .05 level
Source: IWPR calculations based on SIPP data

Different combinations of demographic, human capital, and job characteristics increase or decrease the risk of low-wage work for each of the gender/race-ethnic groups in the population, although age, education, and labor union status decrease the risks for all groups.

For all workers, work experience decreases the risk of being a low-wage worker (except it is not significant for black men and Hispanic women). All workers generally face a higher probability of being a low-wage worker when employed in low-paying industries, such as service, retail, and agricultural/mining, or when working in non-professional or non-managerial occupations. Specifically, the gender and race-ethnic differences and variations are:

- For white men, working in a small firm or in a wholesale or F.I.R.E. industry will increase the risk of being a low-wage worker. They experience a decrease in risk by working in large firms, having job training, and by being married.

- For black men, working in a small firm is the only additional factor, besides industry and occupation, that is significant in increasing the risk of being a low-wage worker. Being married or having additional work experience does not significantly affect the risk of low-wage work.

- For Hispanic men, the service occupations appear to contribute to a higher risk of being a low-wage worker--but blue collar or technical, sales, and administrative support occupations do not. Being married does not significantly affect the risk of low-wage work.

- For white women, having children is a significant factor for increasing the risk of being a low-wage worker, although marriage decreases the risk. Working in a large firm, increasing hours worked, having job training, or working in transportation, communications and public utilities all contribute to a decreased risk.

- Having children is also a significant factor for increasing the risk of being a low-wage worker for black women, as is working in a small firm, or in service industries or occupations. Job training and marriage are insignificant.

- Hispanic Women, like Hispanic men, experience a higher risk of being a low-wage worker when employed in the wholesale industry along with retail and service industries. Job training and experience are not significant factors for decreasing this risk. Marriage significantly decreases the risk but presence of children is insignificant.

For all these groups, union membership is one of the most influential factors in decreasing the risk of being a low-wage worker.

*** CHART 5 HERE ***

CHART 5.

Factors which are Significant in Either Increasing or Decreasing the Risk of Low-wage Work for All Workers Considered together.

Increase Risk	Decrease Risk
Working in a small firm	Age
Technical, Sales, Administrative Support Occupation	Education
Service Occupation	Experience
Blue Collar Occupation	Job Training
Agricultural/Mining Industry	Labor Union
Retail Industry	Hours
F.I.R.E. Industry	Large Work Site
Service Industry	Public Admin.
Personal Service Industry	Married
Non-White	
Female	
Rural Residence	
Having Children in Household	

Factors which are Significant in Either Increasing or Decreasing the Risk of Low-wage Work for Black Men

Increase Risk	Decrease Risk
Working in a small firm	Age
Technical, Sales, Administrative Support Occupation	Education
Blue Collar Occupation	Labor Union
Service Occupation	
Agricultural/Mining Industry	
Retail Industry	
Service Industry	
Rural Residence	

Factors which are Significant in Either Increasing or Decreasing the Risk of Low-wage Work for Black Women

Increase Risk	Decrease Risk
Working in a small firm	Age
Technical, Sales, Administrative Support Occupation	Education
Blue Collar Occupation	Experience
Service Occupation	Labor Union
Agricultural/Mining Industry	
Retail Industry	
Personal Service Industry	
Rural Residence	
Having Children	

* Only factors which are significant at the 0.05 level are included in the above charts.

Source: IWPR calculations based on SIPP data

The regression analyses confirm such structural factors as working in unionized settings or high-paying industries and occupations, especially contribute to the possibility of higher earnings. The minority group that appears to benefit substantially from increased education and experience are Asian Americans, although having job training is a significant and positive factor for white women. Years of education is a significant factor for all groups, but job training and work experience is not. Having children is significant for white women and for black women, but not for men and the only minority group that benefits from marriage is Hispanic women.

The Nature of Low-wage Work

We have examined the characteristics of low-wage workers and the factors that increase or decrease the risk of working at low-wages. Frequently, however, low-wage work is discussed not from the perspective of wages, but from the perspective of the job. This view emphasizes that many of these jobs are part-time, seasonal, and temporary. At the same time, it is often assumed that those who work at low-wage jobs work part-time, seasonally, or temporarily.

There appears to be general agreement in the literature about the recent growth of temporary, short-term and part-time jobs. In 1984, 22 percent of U.S. workers were working in part-time or temporary jobs, up from 14 percent in 1954. These workers had hourly wages that were only 58 percent of the wages paid full-time workers (DuRivage, 1986). Does the growth of part-time work and the resulting low earnings of part-time workers represent the growth of a tier of permanent, marginalized work in service sector industries as some critics claim? Or does it represent the choices made by particular segments of the work force, especially younger and post-retirement workers and women with family responsibilities (Kosters and Ross, 1987)?

Our findings indicate that:

> **Many low-wage workers work full-time, full-year; at the same time, many low-wage jobs are transitory.**

Analysis of the SIPP data shows that more than half of year-long, low-wage workers were employed 50 or more weeks in the year. Another twenty percent were employed between 40 and 49 weeks. The average hours of employment were about 35 hours per week for low-wage workers, with surprisingly little variation in hours per week, or weeks per year worked, by gender, race, or ethnicity. Moreover, according to the PSID data, both weeks worked per year, and hours worked per week have increased over the last decade for low-wage workers, particularly women. Thus low-wage work is not all that different in terms of hours worked, and weeks worked per year, than higher-wage employment and low-wage workers do not appear to be choosing part-time, temporary or seasonal employment.

*** TABLE 6 HERE ***

At the same time, low-wage employment is clearly quite transitory. The analysis of the PSID data shows that the average completed (or non-censored) spell of low-wage employment was only 1.74 years long, and 80 percent of spells of low-wage employment last three or fewer years.[9] Actually, this is somewhat of an overestimate, for a "year" of low-wage work could be as little as 40 weeks, and of course it could involve more than one job, held consecutively and/or concurrently (e.g., two part-time jobs). The shortness of low-wage spells contrasts sharply with that of higher wage employment: higher-wage completed spells averaged two and a half years long, but half the spells were uncompleted and these latter spells were already over six years long.[10] The length of low-wage spells of employment, as with hours and weeks worked, varies little by gender, race/ethnicity, or family/marital status. Because of this invariability, we conclude that the

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9 At the same time, those experiencing longer spells are a higher proportion of the low-wage labor force at any one point in time, than they are of all those experiencing a spell of low wage employment. Thus, of people experiencing low-wage spells at any one point in time, 40 percent are in the midst of a spell that is 3 years or longer, and one out of eight are in the midst of a spell that is six years or longer.

10 Censored low-wage spells were 2.26 years long.

TABLE 6.

MEDIAN HOURS AND WEEKS WORKED FOR LOW-WAGE WORKERS

MEN	WHITE	BLACK	HISPANIC	ASIAN AMERICAN
Median Hours Per Week	38.9	40.0	40.0	40.0
Median Weeks in Year	51.0	52.0	52.0	52.0
WOMEN	**WHITE**	**BLACK**	**HISPANIC**	**ASIAN AMERICAN**
Median Hours Per Week	35.2	38.1	37.7	38.2
Median Weeks in Year	51.0	51.0	51.0	49.0

Source: IWPR calculations based on SIPP data.

shortness of low-wage jobs is a characteristic of the structure of this segment of the labor market.

*** TABLE 7 HERE ***

The Heterogeneity of the Low-wage Experience

The shortness of the average spell of low-wage employment makes even more compelling the question of what goes before, and what comes after, the experience of low-wage employment. There are basically three views of how low-wage employment affects the lives of workers and their families. The first view conceives of low-wage employment as a stepping-stone, in which it provides training and experience for newly entering or re-entering workers. This view is particularly prominent in discussions of minimum wage jobs (Mellor, 1987) and in discussions of transforming welfare into a program that acts as a transition to work (Meyer, 1986). The second view sees low-wage work as essentially a source of supplementary income, and low-wage workers as "secondary" workers, providing income that is important, but not primary, for supporting the household/family. The third view sees low-wage work as problematic because it is the primary source of income support for workers who are supporting their families. Moreover, low-wage worker status is neither temporary nor transitional in this view, but increasingly a long-term status (even if the jobs themselves are not long-term), and one held disproportionately by women and people of color (Bluestone and Harrison, 1986). As noted above, our findings show that many low-wage workers are the sole economic support of their families and that women and minorities of both sexes bear a disproportionate share of low-wage work.

Here, using PSID data, we examine the extent to which spells of low-wage work are transitory, in the sense that they represent merely a temporary downturn or a stepping stone to something better.

TABLE 7.
NUMBER AND LENGTH OF ALL SPELLS LOW-WAGE AND MEDIUM/HIGH WAGE, CENSORED AND NON-CENSORED

A. LOW-WAGE SPELLS

	N	PERCENT	AVERAGE LENGTH	STANDARD DEVIATION
ALL SPELLS	10,957	100.0%	1.88	1.66
ALL NON-CENSORED	7,599	72.1%	1.74	1.39
ALL CENSORED:**	3,358	27.9%	2.26	2.17

B. MEDIUM/HIGH-WAGE SPELLS

ALL SPELLS	16,078	100.0%	4.43	4.30
ALL NON-CENSORED	8,180	49.5%	2.57	2.43
ALL CENSORED:	7,898	50.5%	6.25	4.91

C. LOW-WAGE SPELL DISTRIBUTION, BY RACE/GENDER GROUPS

All Completed Spells (Low-wage)	N	Percent	Average Spell Length
Black Women	1,988	10.2	1.77
Black Men	1,368	5.3	1.63
White Women	2,417	50.1	1.78
White Men	1,726	32.8	1.67
Total	7,599	100.0	1.74

*Includes other Races, not shown separately.
N.B. N's are raw sample numbers, percentages are weighted.
Source: IWPR calculations of PSID data.

By classifying the spells by the status of the individual before and after the spell, we delineate five types of low-wage spells:

CHART 6

TYPES OF LOW-WAGE SPELL EXPERIENCES

Type A, Medium/High Wage Interrupted: worker employed at medium/high wages both before and after the spell, usually full-year. Thus the low-wage spell is 'back-up' employment between two better-paying jobs.

Type B, Upwardly Mobile: worker was out of the labor force entirely, unemployed, or underemployed (worked less than nine months during the year) before the spell, but employed at medium/high wage job afterwards, part or full year. Type B spells are upwardly mobile, because the worker has higher wages and/or more employment after than before.

Type C, Status Unchanged/Ambiguous: Worker has non-employed status, or part-year, low-wage employment before the spell, and only part-year low-wage employment afterwards. Because they are neither clearly better off, nor clearly worse off, as a result of the low-wage spell, the outcome is ambiguous.

Type D, Downwardly Mobile: worker was employed, part or full-year, at low or medium/high wages before the low-wage spell, but enters a not-employed status, (student, welfare, or not working) afterwards. The opposite of Type B spells, the worker is worse off after than before the spell.

Type E, Non-work Interrupted: worker was not employed before the low-wage spell or afterwards, so that the spell "interrupts" a non-work status. Type E spells are the mirror image of Type A spells, and include youth who become students (again) after the spell, retirees who return to retirement, and those on welfare who return to welfare, as well as those who were unemployed before, and return to being unemployed after the spell.

In general we conclude that:

> **Low-wage employment is a highly variable experience, depending upon both what precedes and follows the "spell" of low-wage employment, and the experience differs by race, gender, and marital/family status.**

The majority of spells experienced are ones in which the individual experiencing them ended up better off than they were during and/or before the spell; thus about 30 percent of the spells

are Type A--Medium/High Wage Interrupted, and about 30 percent are Type B--Upwardly Mobile. Although Type B spells fit the first of the models above, most of those experiencing either Type A--Medium/High Wage Interrupted or Type B--Upwardly Mobile spells are only briefly "low-wage workers," temporarily employed in low-wage jobs. Not all those who experience low-wage employment are low-wage workers in the long-term sense; this is particularly true of those who experience Type A--Medium/High Wage Interrupted spells, and many of those who experience Type B--Upwardly Mobile spells. Those who are longer-term low-wage workers are more likely to experience Type C, D, and E spells. Many low-wage workers are not employed continuously, or even most of the time. Especially for those who experience Type E--Non-work Interrupted spells, it is typical for low-wage workers to have substantial periods between jobs and experience underemployment, unemployment, and out of the labor force statuses.

The Distribution of Low-Wage Employment Experience

As with low-wage employment generally, who experiences what type of spells varies greatly by gender, marital/family status, and race. Specifically, we conclude that:

> **The likelihood of having a particular kind of low-wage experience, or spell, varies greatly by race and gender, with women and people of color disproportionately experiencing "unsuccessful" spells of low-wage employment.**

*** TABLE 8 HERE ***

Almost half of the spells experienced by men are Type A--Medium/High Wage Interrupted, and two-thirds of married fathers' low-wage spells are Type A; on the other hand, only one out of six spells experienced by married mothers, and only one out of five of single mothers' spells, are Type A--Medium/High Wage Interrupted. In part because so many women have entered the labor force over the last decade, women exceed men in their rate of experiencing Type B--Upwardly Mobile low-wage spells (about one-third of women compared to about one-fifth of men, experience

TABLE 8.
LOW-WAGE SPELLS TYPES BY GENDER AND RACE

	ALL WOMEN	BLACK WOMEN	WHITE WOMEN	OTHER WOMEN	ALL MEN	BLACK MEN	WHITE MEN	OTHER MEN	ALL		
SPELL TYPE: *											
A: MED/HIGH WAGE INTERRUPTED	21.1%	23.7%	20.7%	16.7%	46.6%	41.3%	47.5%	39.0%	30.9%	1.59	1.18
B: UPWARDLY MOBILE	31.4%	27.5%	32.1%	37.1%	28.2%	27.1%	28.4%	39.0%	30.2%	1.79	1.35
C: STATUS UNCHANGED/ AMBIGUOUS	14.6%	16.7%	14.1%	16.3%	7.3%	8.8%	7.0%	1.3%	11.7%	1.85	1.51
D: DOWNWARDLY MOBILE	15.4%	13.0%	15.9%	15.2%	12.8%	15.8%	12.3%	12.2%	14.4%	1.92	1.63
E: NON-WORK INTERRUPTED	17.5%	19.2%	17.2%	14.7%	5.2%	7.1%	4.8%	8.6%	12.8%	1.63	1.33
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	1.73	2.03
N	4453	1981	2411	61	3106	1359	1710	37	7559		

N.B. All percentages are weighted; sample N's are unweighted.
Source: IWPR calculations of PSID data.
* The spells in this table are completed, or non-censored spells.

Type B spells.) At the same time, single men have the highest proportion of Type B--Upwardly Mobile spells (44 percent of their spells are Type B), with many of them entering from student or dependent status in the transition to the world of work model described above.

In contrast, women are more likely than men to experience downward mobility (Type D--Downwardly Mobile spells), in part because many women--given the inadequacy of childcare and the failure of husbands to assume an equal amount of childcare--must leave the labor force to care for their families without their jobs safeguarded. Likewise, women are more likely (than men) to find that their entry/re-entry into the labor force is an unsuccessful attempt to use low-wage employment as a bridge to better-wage jobs, and they end up no better off than before, unemployed or underemployed (Type C--Status Unchanged Ambiguous and E--Non-work Interrupted spells). Altogether, about half the spells experienced by women--including single women--are of Types C--Status Unchanged/Ambiguous, D--Downwardly Mobile, or E--Non-work Interrupted.

Blacks in general have fewer differences by gender in the types of low-wage spells they experience than is true of whites. Thus black married fathers are less likely to experience Type A--Medium/High Wage Interrupted spells than white fathers (55 percent versus 65 percent), but black married mothers are slightly more likely to experience Type A spells than their white counterparts (19 and 16 percent, respectively.) On balance, blacks have a lower proportion of Type A--Medium/High Wage Interrupted and Type B--Upwardly Mobile spells, and a higher proportion of Types C--Status Unchanged/Ambiguous, Type D--Downwardly Mobile, and Type E--Non-work Interrupted spells than their white counterparts. The meaning of these different types of spells are quite different by marital/family status. Of those experiencing Type E spells, the economic impact of returning to a non-employed status for married mothers in dual earner couples might be quite different than for those who are the sole support of their households.

*** TABLE 9 HERE ***

TABLE 9.

SPELL TYPES, BY FAMILY AND MARITAL STATUS (STATUS UNCHANGED)*

	WITH CHILDREN			WITHOUT CHILDREN				ALL			
	MARRIED		SINGLE	MARRIED		SINGLE					
SPELL TYPE:	WOMEN	MEN	PARENTS	WOMEN	MEN	WOMEN	MEN				
	%	%	%	%	%	%	%	n	%	MEAN	S.D.
A: MED/HIGH WAGE INTERRUPTED	16.4%	63.7%	20.6%	25.8%	44.1%	28.2%	23.7%	1,983	32.7%	1.55	1.13
B: UPWARDLY MOBILE	34.9%	21.0%	34.1%	28.0%	21.4%	28.0%	43.8%	1,826	29.5%	1.66	1.18
C: STATUS UNCHANGED AMBIGUOUS	15.3%	4.4%	13.3%	11.7%	9.7%	14.5%	10.0%	792	11.4%	1.76	1.35
D: DOWNWARDLY MOBILE	13.6%	9.4%	12.3%	16.6%	16.3%	17.4%	13.9%	893	14.1%	1.81	1.55
E: NON-WORK INTERRUPTED	19.8%	1.5%	19.7%	17.9%	8.4%	11.9%	8.6%	762	12.8%	1.56	1.25
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	6,256	100.0%	1.64	1.88
Sample N	1,673	1,371	682	721	618	627	564		6,256		

N.B. All percentages are calculated using weighted numbers; sample N's are unweighted.

Source: IWPR calculations of PSID data.

* While gender obviously does not change, marital and/or family status (whether one has children) obviously can over the course of a spell; nevertheless, neither status changed for the spellees in about 85 percent of the cases, and it is this group that is included in this table.

The Impact of Low-wage Employment on Family Economic Status

There is a debate within the literature about the extent to which low-wage workers provide necessary income for the support of families (Burkhauser and Finegan, 1989; Mishel and Simon, 1988). From our analysis we conclude that:

> **Although low-wage work supplements family income for many workers, it is a major source of family support for a significant minority of the low-wage workforce and for the majority of black men and women and Hispanic men. Low-wage work has become the source of a larger share of family income, over the last decade, particularly for some groups.**

Over the last decade, the increasing labor force participation of women has resulted in increases in the proportion of family income they contribute. For married women, the increased contribution has been modest. The greatest increases in the contribution to family income from wage work occurred among single women and single parents, both groups likely to have only one earner in the household; they depend less on non-employment income than previously.

*** TABLE 10 HERE ***

The Impact of Low-wage Employment on Poverty Status

While low-wage employment is important to families' economic well-being, and increasingly so for some groups such as single parents, many low-wage workers' families experience poverty or risk becoming poor. From our analysis we conclude:

> **Low-wage work has become less effective in lifting families out of poverty in 1984 than in 1975. The risk of poverty is particularly great for those experiencing particular types (spells) of low-wage employment, and for certain groups.**

Over the last decade, although low-wage workers have increased their hours and weeks worked, and most groups have increased the proportion of family income that comes from their wages, those who provide the only or primary source of income for their households experienced an increase in the incidence of poverty. For example, single parents increased their contribution to

TABLE 10.

MEAN PROPORTION OF FAMILY INCOME FROM EARNINGS BY WORKER STATUS AND PERCENT IN POVERTY (LOW-WAGE, MEDIUM/HIGH-WAGE), MARITAL STATUS, AND GENDER: 1975, 1980, AND 1984

		WITH CHILDREN			WITHOUT CHILDREN			
		MARRIED		SINGLE	MARRIED		SINGLE	
		WOMEN	MEN	PARENTS	WOMEN	MEN	WOMEN	MEN
MEAN PROPORTION OF FAMILY INCOME								
	1975	0.04	0.71	0.55	0.09	0.48	0.62	0.81
LOW-WAGE	1980	0.04	0.56	0.60	0.08	0.38	0.64	0.84
	1984	0.06	0.50	0.64	0.08	0.30	0.67	0.76
Change		0.02	-0.21	0.09	-0.01	-0.18	0.05	-0.05
	1975	0.11	0.89	0.84	0.19	0.79	0.89	0.96
MEDIUM/HIGH	1980	0.12	0.87	0.86	0.17	0.76	0.90	0.95
	1984	0.18	0.85	0.88	0.23	0.73	0.87	0.95
Change		0.07	-0.03	0.05	0.04	-0.06	-0.01	0.00
	1975	0.09	0.87	0.76	0.16	0.74	0.79	0.92
ALL	1980	0.09	0.83	0.76	0.14	0.71	0.81	0.93
	1984	0.13	0.80	0.79	0.18	0.67	0.81	0.91
Change		0.04	-0.07	0.03	0.01	-0.07	0.01	-0.01
PERCENT IN POVERTY								
	1975	3.2	15.6	27.2	2.0	10.1	20.4	26.5
LOW-WAGE	1980	2.6	14.6	22.9	1.1	3.8	15.6	21.6
	1984	3.6	14.0	37.7	4.4	7.1	12.9	30.6
Change		0.4	-1.6	9.9	2.4	-3.0	-7.5	4.1
Change in N's*(000's)		109.5	118.9	538.8	122.5	-49.6	-47.8	246.9
	1975	0.0	1.6	4.4	0.0	0.4	1.4	2.7
MEDIUM/HIGH	1980	0.2	0.3	1.5	0.3	0.0	0.8	0.4
	1984	0.6	0.6	3.9	0.8	0.0	0.2	0.5
Change		0.6	-1.0	-0.5	0.8	-0.4	-1.2	-2.2
Change in N's*(000's)		53.7	-233.0	8.1	60.4	-45.5	-50.5	-85.2
	1975	1.1	3.0	10.2	0.6	1.9	7.9	8.0
ALL	1980	1.1	2.1	10.2	0.6	0.5	5.8	4.8
	1984	1.9	2.7	16.8	2.0	1.1	4.3	6.6
Change		0.7	-0.3	6.6	1.5	-0.8	-3.6	-1.4
Change in N's*(000's)		163.2	-114.1	546.9	182.9	-95.1	-98.3	161.7

N.B. All percentages are calculated using weighted numbers; sample N's are unweighted.

Source: IWPR calculations of PSID data. Weighted numbers are estimated to reflect comparable population as estimated in the Current Population Survey for March 1975, March 1980, and March 1984.

family income from their low-wage earnings by nine percent over the decade, but experienced a ten percent increase in their poverty rate over the same period (a net gain of over half a million single parent wage earners who are poor). About half of this increased poverty is due to the fact that the average wage of the low-wage worker has not kept up even with inflation, so that in real terms its value has decreased, on the average, by about six percent.

Even though total household income may include others' earnings or other income (such as child support or public assistance) as well as the worker's wages, the type of low-wage experience, or spell, also influences whether or not the worker's family experiences poverty. Thus less than 3 percent of those who experience Type A--Medium/High Wage Interrupted spells experience poverty, but more than one-quarter of those who experience Type E--Non-work Interrupted spells experience poverty. In addition, race and gender affect poverty incidence: black men have twice the incidence of poverty than white men, and black women, three times the poverty incidence.

*** TABLE 11 HERE ***

The analysis of the SIPP data shows that, a significant minority of low-wage workers have sole responsibility for the economic well-being of their children, so that they and their families are at risk of poverty without their wages. Among low-wage workers, black women and Hispanic and black men are especially likely to bear these responsibilities alone. To what extent do the wages of these workers successfully bring these families out of poverty? Approximately 18 percent of full-year low-wage workers are responsible for bringing their families above the poverty line as a result of their earnings and 8 percent are unable to do so despite their earnings. These workers' families are either in poverty or at risk of becoming poor. (The remaining three-fourths of low-wage workers live in families that would be above the poverty level even without the earnings of the low-wage worker). At least half of the families of black and Hispanic men and black women who are full-year low-wage workers are in poverty or at risk of becoming poor.

TABLE 11.
PERCENT POOR AND NOT POOR AND NOT POOR, BEFORE, AFTER, OR BOTH BEFORE AND AFTER LOW-WAGE SPELL OF EMPLOYMENT, BY SPELL TYPE (ALL)*

	NEVER POOR		EVER POOR			TOTAL	TOTAL SAMPLE		
SPELL TYPE:	%	N	AFTER SPELL	BEFORE SPELL	BOTH	EVER POOR	N	%	N
A: MED/HIGH WAGE INTERRUPTED	97.3%	1,871	0.8%	1.3%	0.6%	2.7%	112	100.0%	1,983
B: UPWARDLY MOBILE	87.3%	1,452	0.8%	10.9%	0.9%	12.7%	374	100.0%	1,826
C: STATUS UNCHANGED AMBIGUOUS	73.6%	471	8.2%	9.6%	8.5%	26.4%	321	100.0%	792
D: DOWNWARDLY MOBILE	80.5%	632	12.6%	2.5%	4.4%	19.5%	261	100.0%	893
E: NON-WORK INTERRUPTED	72.5%	447	8.8%	6.0%	12.6%	27.5%	315	100.0%	762

N.B. All percentages are calculated using weighted numbers; sample N's are unweighted.

Source: IWPR calculations of PSID data.

*** TABLE 12 HERE ***

Among low-wage workers there are two groups whose families are especially at risk of poverty. These include:

The Low-wage Working Poor: More than 2.8 million of the 80 million full-year workers with families in the U.S. are working poor, analysis of SIPP data shows.[11] These are low-wage workers whose earnings do not bring their families out of poverty, and whose families either do not have any additional earners (which is true in nine out of ten cases) or whose additional earners' wages are so low that the combined earnings of all workers do not bring the family out of poverty. By definition, the working poor are poor because they earn less money; they earn half as much per hour as do all workers ($3.40 as compared to $6.80 per hour in 1984 dollars,). Poor working women earn the lowest wages--$3.28 per hour. The working poor are two and one-half times as likely to work year-long at low-wage jobs than are all workers. Fully seven out of ten poor working women were year-long low-wage workers. This level of workforce participation indicates a strong desire to be economically self-sufficient, despite the apparently meager rewards received from working. Although low-wage workers are younger, on the average, than other workers (30 as compared to 34 years old), they are more likely than other workers to have children (seven out of ten poor working women are parents). Poor low-wage workers are less likely to have any education beyond high school, five years or more of work experience, or job training, than are other low-wage workers. They work fewer weeks and substantially fewer hours than other low-wage workers (44 weeks as compared to 52 weeks and about 27 hours as compared to 35 hours per

[11] As shown in Table 13, the total number of working poor is 3.5 million which includes both workers living with family members and those not living with family members.

TABLE 12.

PERCENTAGE OF LOW-WAGE WORKERS WHOSE FAMILIES ARE AT RISK OF POVERTY WITHOUT THEIR WAGES OR IN POVERTY DESPITE THEIR WAGES

MEN	WHITE	BLACK	HISPANIC	ASIAN AMERICAN
Percent at Risk of Poverty Without Earnings	18.5	37.4	36.6	10.4
Percent in Poverty Despite Earnings	8.2	13.8	19.0	9.6
WOMEN	**WHITE**	**BLACK**	**HISPANIC**	**ASIAN AMERICAN**
Percent at Risk of Poverty Without Earnings	12.1	30.8	15.4	16.5
Percent in Poverty Despite Earnings	4.1	19.3	11.5	6.2

Source: IWPR calculations based on SIPP data.

week). But even if they worked full-time, full-year, they would not earn enough to support a family of four at the poverty level. They are twice as likely to be employed in service occupations and four times as likely to receive some form of welfare payment than are other low-wage workers.

*** TABLE 13 HERE ***

Displaced Homemakers: Analysis of the SIPP data shows that approximately 8.1 million displaced homemakers are in the labor force for more than 500 hours in the year.[12] Of these women, about two-thirds have worked as low-wage workers at some time during the year and more than one-third are year-long low-wage workers.

Displaced homemakers are more likely than other low-wage working women to be solely responsible for their families' economic well-being. The families of almost six out of ten of these workers are either in poverty despite their wages or at risk of poverty without them. Displaced homemakers work more hours than do other low-wage women workers, are less likely to have more than a high school education, less likely to have had job training and are more likely to work in feminized service occupations and industries. As a result of their sole responsibility for their families' economic well-being, their lack of education and training for higher paid jobs, and their employment in low-wage jobs, their families are more than twice as likely as are the families of other low-wage working women, and more than four times as likely as the families of all working women in their age category, to be poor.

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12 Displaced homemakers are defined as women age 35 and over who are separated, divorced, or widowed.

TABLE 13.

The Working Poor: Summary by Gender of Employment History and Human Capital

	ALL WORKERS	WORKERS WHO LIVE IN POVERTY	WORKING MEN	WORKING WOMEN	POOR WORKING MEN	POOR WORKING WOMEN
Percent Low-Wage 7 months or more	27.5	66.7	18.8	37.9	65.3	70.0
Percent Non-Whites	19.0	43.36	18.1	20.0	40.3	46.3
Median Age	34.0	30.0	34.0	34.0	29.0	30.0
Percent with Education beyond High School	35.6	22.8	36.2	35.0	26.3	19.5
Mean Years of Experience at same type of job	8.3	4.9	9.3	7.0	4.8	5.0
Percentage with Job Training	18.7	2.3	18.9	17.1	2.7	2.0
Mean Number of Weeks of Work in 1984	47.2	41.5	47.9	46.3	43.0	39.0
Median Numbers of Annual Hours	1,865	1,138	2,003	1,699	1,370	1,040
Percent in Service Occupations	13.9	26.6	11.5	16.8	13.0	39.7
Percent Receiving Public Assist.	5.4	40.5	4.1	7.0	30.9	49.8
Percent with Children	48.5	66.6	48.6	48.3	63.4	69.6
Median Annual Wage	6.80	3.40	8.47	5.51	3.65	3.28
Sample Size of Low-Wage Workers	15,875	564	8,551	7,324	265	299
Weighted Numbers (000's)	91,916	3,507	50,279	41,637	1,723	1,783

Source: IWPR calculations based on SIPP data.

*** TABLE 14 HERE ***

Low-wage Employment and Income Support Programs

Because of the large number of low-wage workers who are unable to earn enough to lift their families out of poverty, and because of the frequent periods of unemployment (due to the transitory nature of low-wage jobs), the question arises as to the role of income transfer programs in alleviating or preventing poverty for these working poor earners and their families.

According to a number of researchers, the United States has a two-tiered welfare system (Abramovitz, 1988; Ellwood, 1987; Pearce and McAdoo, 1981). The primary tier, comprised of social insurance programs such as unemployment insurance, disability, workers' compensation, and social security was designed for a predominately male, full-time, full-year workforce with "acceptable" reasons for not being employed. The secondary tier of means-tested programs such as Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), and Food Stamps was designed to supplement inadequate social security payments received by the elderly and disabled, to help impoverished mothers and children with little or no income support from absent male breadwinners, and to provide support for non-striking workers and families (mostly single parents) with insufficient incomes.

The gap in average benefit levels for recipients of the better-funded primary tier social insurance programs compared to the means-tested secondary tier programs grew throughout the 1970s (Folbre, 1984). The very different treatment by the two-tiered welfare system of those who do paid work versus those who receive means-tested welfare as two mutually exclusive groups was fostered during the 1981-1984 series of federal budget cuts in means-tested welfare expenditures. During this period there was a 7.5 percent cut in expenditures on these programs as a result of tightening eligibility requirements, which were focused on those who had been combining some low-wage employment and welfare (Heclo, 1986).

TABLE 14: Comparison of Low-wage Displaced Homemakers with Other Women

	All Women (Including Higher Wages)	All Women Low-wage	Displaced Homemakers	White Women	White Displaced Homemakers	Women of Color	Displaced Homemakers of Color
Percent of all Women Workers who are Low-wage	32.0	-	36.5	30.2	34.8	38.7	42.0
Percent with Children	52.5	57.4	54.6	54.3	48.1	66.8	72.3
Percent with Education beyond High School	41.2	21.3	17.4	22.9	17.9	16.4	16.1
Mean Years of Work Experience	9.7	8.0	8.5	8.0	8.3	8.1	9.0
Percentage with Job Training	17.1	17.6	11.9	19.0	12.7	13.1	9.6
Mean Number of Weeks Worked in year	47.7	47.4	47.7	47.4	47.4	47.5	48.6
Mean Employed Annual Hours	1,773	1,636	1,760	1,614	1,747	1,706	1,789
Percent whose families would be in poverty without earnings	16.7	18.3	38.5	14.6	36.3	29.3	42.0
Percent in Poverty	3.5	7.7	18.6	4.4	14.3	17.3	28.0
Sample Size of Low-Wage Workers	4,420	1,368	371	1,062	264	306	107
Total Population	24,656,000	7,878,700	2,196,000	5,940,000	1,532,000	1,939,000	665,000

Source: IWPR calculations of SIPP data.

This study investigates the trends in welfare receipt by low-wage workers, and the interrelationship between receipt of transfers from both tiers and employment. The first conclusion from our analysis of the PSID data indicates that:

> **By 1984, more low-wage workers are receiving means-tested transfer payments, but fewer are receiving unemployment and workers compensation, than was true in 1974.**

Among single parents who are low-wage workers, 6.7 percent more received AFDC ("welfare") in 1984 compared to 1975, for a total of about one out of four low-wage worker, single parent families. Given the restrictions on eligibility enacted in 1981 at the federal level, this increase is puzzling. Several explanations are possible (and more than one may be in effect): employment reported to the PSID interviewer may not be reported to welfare officials, earnings may have become low enough to qualify more low-wage workers for welfare, and/or individuals may be cycling, within the same year, between employment part of the year and welfare part of the year (because low-wage jobs are often short-lived).

Food Stamp receipt has increased among low-wage single parents, although not among low-wage workers who are single or married men. At the same time, non-means tested income support has decreased, particularly between 1980 and 1984. Thus fewer low-wage workers overall received unemployment compensation and workers' compensation by 1984 than a decade earlier in 1975, although single parents experienced a slight increase. As with the means-tested programs, changes in the early eighties restricted eligibility, particularly for the (federally funded) benefits for long-term unemployed workers. It may well be that there is a relationship between these two trends: that is, some of those low-wage workers who would have received support through unemployment compensation during periods of unemployment in the seventies, but found themselves ineligible (or had exhausted their benefits) in the eighties, turned to AFDC and food stamps. These alternatives are not equal in their consequences: while average state AFDC benefits for those with no other income in the mid-eighties are roughly half the poverty line, unemployment compensation is pegged at at least one-half of wages.

TABLE 15.

PERCENT OF SINGLE PARENT LOW-WAGE WORKERS' FAMILIES RECEIVING AFDC, FOOD STAMPS, AND UNEMPLOYMENT AND/OR WORKERS' COMPENSATION BY WORKER STATUS (LOW-WAGE, MEDIUM/HIGH-WAGE) 1975, 1980, AND 1984

		Percent Receiving AFDC	Percent Receiving Food Stamps	Percent Receiving Unemployment and/or Workers Compensation
LOW-WAGE	1975	18.8	26.0	9.3
	1980	17.3	30.6	11.4
	1984	25.5	44.0	11.0
Change		6.7	18.0	1.7
Change in Population (000's)		369.4	699.2	147.9
MEDIUM/HIGH	1975	9.0	16.9	9.4
	1980	7.8	13.1	13.3
	1984	5.8	6.0	6.7
Change		-3.2	-10.8	-2.6
Change in Population (000's)		-56.9	-271.8	-37.7

N.B. All percentages are weighted.
Source: IWPR calculations of PSID data.

*** TABLE 15 HERE ***

According to SIPP data, although about one out of every ten workers employed at low-wage jobs for most of the year receive some form of income support (including means tested programs such as AFDC, WIC, Food Stamps, Medicaid, SSI and non-means tested Social Security), receipt varies greatly by race and gender/ethnicity. Among women, Hispanic women are the least likely and black women are the most likely to receive these benefits, reflecting black women's higher likelihood of being single parents and the possibility that Hispanic women fall through the cracks of welfare programs. Among men, Hispanic men are the least likely and black men are the most likely to receive benefits. Among all poor low-wage workers (those workers whose families are still in poverty despite their earnings), however, four out of ten receive some form of income support.

Thus substantial numbers of low-wage workers combine, at least within the same year if not concurrently, some form of welfare assistance and low-wage employment. Despite the very low income thresholds used, these workers' earnings are so low that many still qualify. Thus income support programs are not so much an alternative to low-wage employment, as a supplement to the low wages paid the working poor.

Low-wage Work and Welfare

Much of the welfare reform efforts, at both the state and national level, have been predicated on assumptions about the relationship between welfare receipt and employment. One such assumption is that most welfare recipients have little or no work experience, particularly recently. As we have seen, many low-wage workers receive income support (or cash equivalent aid, such as Food Stamps) that effectively subsidizes their low wages. Our analysis of the dynamics of low-wage employment, using spell analysis, leads to this conclusion:

> **Low-wage work and welfare are not mutually exclusive activities; a substantial minority of those "leaving" welfare for low-wage**

employment are also already employed, and/or have recent work experience, while a substantial number of those in a spell of low-wage employment continue to receive welfare.

While the majority of those "leaving" welfare[13] for low-wage employment were not employed while receiving welfare, almost one-third were working during the last year of welfare receipt, part or full-year, and approximately another one-third had worked recently, or had at least three years of work experience in the past. Thus the assumption that welfare recipients are strangers to the world of work is not true for the majority of those entering low-wage employment.

It is also true that beginning a spell of low-wage employment does not preclude continued receipt of welfare; 42 percent of those "leaving" welfare for low-wage employment, in fact continue to receive welfare (or receive it during the same year). Finally, of those who finish a spell of low-wage employment and begin receiving welfare, 45 percent continue to be employed (by definition, however, only part-year.) In all cases, a smaller proportion of blacks than whites combined welfare and employment during the same year.

Low-wage Employment: Is it a Bridge to Economic Self-Sufficiency?

The rates at which individuals combine welfare and low-wage employment raise the issue of whether low-wage employment is an alternative and/or a bridge to higher economic status for women welfare recipients. Again, welfare reform discussions have often assumed that the gaining of work experience will lead to higher-wage employment, acting as a bridge to economic self-sufficiency, and that this will happen more or less automatically. Our analysis of welfare recipients' experience with low-wage employment leads to much less sanguine conclusions:

For many of those receiving welfare who enter low-wage employment, a spell of low-wage employment does not result in achieving either higher wage employment or economic self-sufficiency.

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13 Because there are very few two-parent families receiving welfare, this part of the analysis refers only to families maintained by women alone. Welfare receipt is defined as receiving 25 percent or more of the family's annual income from welfare (AFDC.)

Only about 30 percent of the spells of low-wage employment experienced by welfare recipients were of Type A--Medium/High Wage Interrupted spells, or Type B--Upwardly Mobile spells, which by definition result in higher-wage employment for the individuals involved; this is about half the rate for the population as a whole. About one-fourth had Type C--Status Unchanged/Ambiguous spells, in which they did not return to welfare, but also did not achieve higher wages and/or full-time employment. Only one-sixth were Type D spells--Downwardly Mobile, in which the person moved from employment to welfare alone, or with part-year employment. Finally, about 30 percent experienced Type E--Non-work Interrupted spells, roughly double the rate in the population as a whole: their experience of low-wage employment was followed by a return to a not-employed status, including welfare. In sum, only a small minority of welfare recipients were able to use low-wage employment as a bridge to better-waged employment, and even among those, most were working only part of the year at higher wages: only 12 percent of those who received welfare before experiencing a spell of low-wage employment, were working full-year at medium or high wages after the spell. Clearly, there is nothing automatic about either leaving welfare or achieving better-wage employment as the result of experiencing a spell of low-wage employment.

*** TABLE 16 HERE ***

CONCLUSIONS

Our findings raise a series of questions for policy makers in many fields, including education, job training, and welfare, as well as for employers. Among these are:

- Given the heterogeneity of the low-wage workforce, e.g., teenagers, retirees, household heads, etc., how do we target resources to those who need them the most, adults with responsibility for supporting themselves or their children.
- Since women and people of color receive lower wages for the same investment in human capital--in the form of education, job training, and work experience--than do white men, what kinds of policies would raise the returns for these groups?

TABLE 16.
SPELL TYPE FOR THOSE WHO EVER RECEIVED WELFARE
(WOMEN-MAINTAINED HOUSEHOLDS ONLY)

SPELL TYPE:	n	ALL %	MEAN
A: MED/HIGH WAGE INTERRUPTED	27	7.2%	1.50
B: UPWARDLY MOBILE	81	22.5%	2.05
C: STATUS UNCHANGED AMBIGUOUS	74	23.8%	1.79
D: DOWNWARDLY MOBILE	61	16.0%	2.28
E: NON-WORK INTERRUPTED	108	30.5%	1.47
TOTAL	351	100.0%	1.81

N.B. All percentages are weighted; sample N's are unweighted.
Source: IWPR calculations of PSID data.

- Since many of those on welfare have worked, or are even working concurrently, what kinds of welfare-to-work programs are needed to make transitions to higher-waged and more stable employment more than the remote possibility it is now?

- Over and over, even when they have similar education and experience profiles to those of white men, women and people of color have a higher risk of becoming low-wage workers--i.e., they have more than their "share" of low-wage work--and are less likely to achieve a transition to better employment; what policies could change these odds?

- Regardless of the characteristics of the workers, much low-wage employment is transitory, with jobs short-lived, and even full-time work schedules an uncertain thing; what can be done to cushion workers between spells of employment, and to make low-wage employment more secure and stable?

- With the increasing portion of family income contributed by mothers and the increase in single parent low-wage workers and the increased risk of low-wage work for mothers, what are the implications for daycare and other support services, and for the well-being of children and their families?

- Given the positive impact of unionization in increasing wages and decreasing the risk of low-wage work, what policy initiatives could enhance the ability of working people to organize or bargain collectively with their employers?

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